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FM AMEMBASSY STOCKHOLM
TO RUEHC/SECSTATE WASHDC IMMEDIATE 3509
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE IMMEDIATE
RUCNIRA/IRAN COLLECTIVE IMMEDIATE
RUCNNSG/NUCLEAR SUPPLIERS GROUP IMMEDIATE
RUEHMD/AMEMBASSY MADRID IMMEDIATE 2187
RUEAIIA/CIA WASHDC IMMEDIATE
RUCPDOG/DEPT OF COMMERCE WASHINGTON DC IMMEDIATE

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SENSITIVE
SIPDIS

STATE FOR ISN/CPI (CRUSSEL)
ISN/RA (RNEPHEW)

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TAGS: [PREL](#) [PARM](#) [MNUC](#) [IAEA](#) [UNSC](#) [ETTC](#) [MTCRE](#) [IR](#) [SW](#)
SUBJECT: SWEDISH INSPECTORATE FOR STRATEGIC PRODUCTS ON
CURRENT STATUS OF MAHACO OPERATIONS

REF: A. STOCKHOLM (07) 1373
[1](#)B. STOCKHOLM (07) 1474

Classified By: Acting Deputy Chief of Mission Robert Hilton
for reasons 1.4 (b) and (d)

[1](#)1. (S) On June 11, Deputy Economic Counselor met with Magnus Danielsson, Principal Administrative Officer, the Swedish Inspectorate for Strategic Products (ISP), to discuss Mahaco, a Swedish company owned and operated by a dual Swedish/Iranian national. Danielsson commented that Mahaco, which is known for its attempts to procure components for the Iranian missile program, appears to have shifted the vast majority of its operations to Marbella, Spain. He noted that Mahaco has filed 152 applications for export to Iran since 2001, including 31 applications in 2007, but has been "less active" in 2008. Danielsson speculated that Mahaco may be feeling the increased scrutiny that ISP has applied to his applications.

[1](#)2. (S) Danielsson pointed out that there is little that Sweden can do to prevent Mahaco's brokering activities from Russia and China to Iran, under existing EU legislation. He also noted that dual-use products manufactured in the EU move more freely than those of U.S. origin. He added that ISP has placed a red flag on all Mahaco exports, which requires Swedish customs to check with ISP before goods can be exported, but admitted that Swedish customs agents may not have the necessary expertise to determine whether the goods indicated on an export license are in fact the exact goods being exported. Danielsson noted that Sweden strongly supports tightening EU legislation to include regulation of brokering activities, but does not expect any decision for at least one year.

[1](#)3. (S) Danielsson, who has just returned from a six month paternity absence, contacted post ostensibly to discuss a demarche, but instead only talked about Mahaco. Post views this as a positive sign from ISP.
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